

No. 18159

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

WARREN H. LOCKWOOD and MID-WEST METALLIC
PRODUCTS, INC.,

Appellants,

vs.

LANGENDORF UNITED BAKERIES, INC., and BANNER
METALS, INC.,

Appellees.

APPELLEES' (CROSS-APPELLANTS') BRIEF.

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APPELLEES' (CROSS-APPELLANTS') BRIEF.

Introductory Statement.

This brief includes, on an integrated basis, defendants' (appellees') counter-arguments with respect to the points raised in plaintiffs' (appellants') brief, and also arguments in support of the cross-appeal filed by the defendants (cross-appellants).

It is believed that all the issues of the case may be more easily presented by the integration of counter-arguments concerning the subject matter of plaintiffs' (appellants') Appeal with arguments supporting defendants' (appellees') Cross-Appeal.

Jurisdiction of the Action.

The present action was brought under the provisions of Title 28, U. S. C. A. Section 1338(a), in the United States District Court for the Northern District of California, Southern Division, for the alleged infringement of United States Letters Patent 2,931,535.

A Counterclaim for Declaratory Judgment as to the validity and infringement of the aforesaid United States Patent, and as to the validity and infringement of the United States Reissue Patent Re. 24,731, was filed pursuant to the United States Code, Title 28, Sections 2201, 2202.

The District Court found that an actual controversy existed between the parties, and that it had jurisdiction of this action [Par. 1 of its Conclusions of Law, Record Volume 1].

The Appeal and Cross-Appeal were taken from the final order of the District Court entered May 9, 1962 to this Court pursuant to the provisions of United States Code, Title 28, Section 1291.

Statement of Case.

Plaintiffs (appellants) have presented a summary of the facts of the present litigation. However, plaintiffs' summary is unduly lengthy and is clouded by extraneous, irrelevant facts. For that reason, defendants (appellees) deem it advisable to present a short restatement of the facts underlying the present action.

Plaintiffs, Warren H. Lockwood and Mid-West Metallic Products, Inc., originally brought the present action as an infringement suit against Langendorf United Bakeries, Inc., asserting infringement of United States Letters Patent 2,931,535 by Langendorf in its use of certain nestable-stackable receptacles.

Lockwood asserted himself to be the inventor and owner of the aforesaid United States Patent [R. 85, 89], and Mid-West Metallic Products asserted itself to be the exclusive licensee under the patent [R. 50, Ex. 7].

Banner Metals, Inc., as manufacturer of the accused receptacles, was permitted to intervene as a co-defendant [Record Volume 1, Order filed January 23, 1961].

Plaintiffs then amended their Complaint and charged *both* defendants Langendorf and Banner with infringement of said Letters Patent 2,931,535 [Record Volume 1, Amended Complaint filed January 30, 1961].

Defendants answered [Record Volume 1, Answer filed April 4, 1961] denying infringement of Patent 2,931,535 and averring invalidity of the patent. At the same time, defendants Counterclaimed for a Declaratory Judgment of non-infringement and invalidity of Patent 2,931,535; and also of non-infringement and invalidity of a second Lockwood Patent, namely, Reissue Patent Re. 24,731; the Reissue Patent being closely related in subject matter to the aforesaid Patent 2,931,535.

During the trial, two different receptacles were produced by defendants and were litigated. These receptacles were identified as Exhibits 9 and 0 respectively.

The District Court held in favor of defendants on the basis of numerous Findings of Fact and Conclusions of Law. The District Court ruled that there was no infringement by defendants of Patent 2,931,535, nor of the Reissue Patent Re. 24,731; and that claim 7 of Re. 24,731 is invalid.

Appellees' (Cross-Appellants') Specifications of Error.

1. The Court erred in limiting its finding of invalidity of the Reissue Patent Re. 24,731 to claim 7 only; it should have found that the entire Reissue Patent Re. 24,731 is invalid.

2. The Court erred in limiting its ruling on Patent 2,931,535 to non-infringement; it should further have found that claims 19 and 20 of Patent 2,931,535 are invalid.

Summary of Argument.

Point 1: Concerning plaintiffs' (appellants') contention that no justiciable issue exists as to whether or not Exhibit 9 infringes the Reissue Patent Re. 24,731; and as to whether or not Exhibit O infringes United States Patent 2,931,535; so as to support defendants' (appellees') Counterclaim for Declaratory Judgment.

The purpose of defendants' Counterclaim was to obtain a full judicial determination as to whether or not defendants and their customers may manufacture, sell and use the Exhibit 9 and Exhibit O receptacles without threat of litigation by the plaintiffs.

Plaintiffs brought the original suit on their Patent 2,931,535 and asserted infringement of that patent by the Exhibit 9 receptacles. However, plaintiffs asserted that the Exhibit 9 receptacles *also* infringe the Reissue Patent Re. 24,731 [Record Volume 1, Answers to Defendants' Interrogatories 3 and 4, filed July 7, 1961 in reply to Defendants' Interrogatories filed April 25, 1961]. Moreover, plaintiffs also threatened defendant Banner's customer Safeway Stores [Ex. C2] and asserted infringement of their Patent Re. 24,731 by the Exhibit 9 receptacles.

Plaintiffs also asserted that the Exhibit O receptacles infringe the original patent in suit, Patent 2,931,535, and also infringe the Reissue Patent Re. 24,731 [Record Volume 1, Replies to Defendants' Interrogatories 1, 2, 5, 6, filed July 7, 1961].

As will be discussed in detail hereinafter, it is believed that a justiciable controversy clearly exists, and that defendants are entitled to a declaratory relief.

Point 2: Concerning plaintiffs' (appellants') contention that the Exhibit 9 receptacles infringe claims 19 and 20 of the '535 patent, despite numerous findings by the District Court to the contrary.

The District Court's holding of non-infringement is supported by numerous Findings and Conclusions. The Findings are based upon a studied comparison of the evidence presented on both sides of the issue, and there

is no basis for any contention that the Findings are clearly erroneous.

Point 3: Concerning plaintiffs' (appellants') contention that the '535 Lockwood patent is not anticipated by the prior Faulkner Patent 2,252,964.

The District Court did not expressly rule on this issue, merely asserting: "In any event, the most that can be said is that any 'invention' in '535 must reside in the specific structure." [Record Volume 1, Memorandum Opinion p. 16]. It is appellees' contention in their cross-appeal, however, that the District Court *should* have ruled on the invalidity of claims 19 and 20 of the '535 patent, and this point will be taken up subsequently.

Point 4: Concerning plaintiffs' (appellants') contention that the Lockwood '535 patent is not anticipated by the prior Blom Patent 2,684,766.

As noted, the District Court did not rule on the issue of validity of the Lockwood '535 patent, and that issue will be treated subsequently herein.

Point 5: It is defendants' (appellees') contention that, as a matter of law, the District Court should have ruled that claims 19 and 20 of the '535 patent are invalid over the prior Faulkner and Blom patents.

Point 6: Concerning plaintiffs' (appellants') contention that Exhibit 9 infringes claims 21-28 of Lockwood '535.

As stated in Finding of Fact 21, claims 21-28 are dependent claims; and a holding of non-infringement of claim 20 makes the infringement of claims 21-28 impossible.

Point 7: Concerning Plaintiffs' (appellants') assertion that Exhibit O infringes claims 20-23 of the '535 patent.

All the reasons presented for non-infringement by Exhibit 9 apply equally to Exhibit O.

Point 8: Defendants' (appellees') contend that not only is claim 7 of the Reissue Patent Re. 24,731 invalid, as held by the District Court; but that the *entire* Reissue Patent is invalid, and not infringed.

A. Defendants' contention of invalidity is based on the premise that the statutory requirements of "error" were not met in securing the Reissue Patent Re. 24,731.

B. A sale of containers covered by the Reissue Patent Re. 24,731, made more than one year prior to the application therefor, invalidates the Reissue Patent.

C. There is no infringement of the Reissue Patent Re. 24,731.

ARGUMENT.

The decision of the District Court was based on numerous questions of fact on which a large volume of evidence was received, and on which thirty-four Findings of Fact were rendered.

Plaintiffs list nine (9) specifications of error in their Appeal Brief, and these specifications are based, for the most part, on Findings of Fact by the Trial Court.

It would appear from their Appeal Brief that plaintiffs are attempting to reargue the merits of the case and to quarrel with the Findings by the District Court. Indeed, plaintiffs have seen fit to support their contentions by the introduction in their Appeal Brief of new evidence in the form of Plates II and IIA. Such evidence was not offered at the trial, and it is improper to attempt to introduce it at this late date.

Although defendants welcome the opportunity again to argue the issues of this case on its merits, it should be pointed out that it is not the function of an Appeal Court to re-examine the entire matter as a *de novo* proceeding.

Attention is also invited to Rule 52(a) of the Federal Rules of Civil Procedure:

“. . . Findings of fact shall not be set aside unless clearly erroneous and due regard shall be given for the opportunity of the trial court to judge the credibility of the witnesses . . .”.

As pointed out in the case of *Moon v. Cabot Shops, Inc.*, Court of Appeals, Ninth Circuit, 123 U. S. P. Q. 60, 64, 270 F. 2d 539:

“The factual finding of the trial court that the accused devices are not equivalent to the patent claims, as so construed, is not to be disturbed unless clearly erroneous.”

See also the case of *Hall v. Wright*, Court of Appeals, Ninth Circuit, 112 U. S. P. Q. 210, 212, 240 F. 2d 787:

“A finding of fact that the subject matter of a patent lacks invention over the state of the prior art should, therefore, not be disturbed unless the finding is clearly erroneous.”

There is believed to be no basis for any contention that the Findings of the District Court in the present action are “clearly erroneous”.

Point 1.

Plaintiffs (appellants) contend that no justiciable issue exists as to whether or not Exhibit 9 infringes the Reissue Patent Re. 24,731; and as to whether or not Exhibit O infringes United States Patent 2,931,535, so as to support defendants' counterclaim for Declaratory Judgment.

The question as to whether or not a justiciable issue exists was dealt with at length and in detail by the District Court. Indeed, the District Court ruled on that particular issue in a separate Opinion [R. 466-476], which was read from the bench on November 14, 1961, and which will be referred to in some detail subsequently herein.

As mentioned in appellants' brief (p. 6), on October 18, 1960, Lockwood and Mid-West entered into an agreement with the defendant Banner [Ex. 5] for the disposition of an action then pending in the United States District Court in Cleveland, Ohio. By this agreement [Ex. 5] plaintiffs waived all their rights to assert claims 6 and 7 of the Reissue Patent Re. 24,731 against the Exhibit 9 receptacles made prior to October 18, 1960. However, it should be noted and stressed, that the Exhibit 5 agreement does not inhibit plaintiffs from asserting infringement of the Reissue Patent Re. 24,731 against Exhibit 9 receptacles made *after* October 18, 1960.

Mr. Ryan testified [R. 390-398] that the Exhibit 9 receptacles have been manufactured by the defendant Banner and sold to the defendant Langendorf, and also to Safeway Stores. Mr. Ryan also testified [R. 392] that Safeway Stores had been threatened by Mid-West; and letters evidencing such threats have been introduced in evidence [Ex. C2].

There is no question, therefore, but that customers of the defendant Banner Metals, Inc. have been charged by plaintiffs with infringement of the Reissue Patent Re. 24,731 in their use of the Exhibit 9 receptacles.

The fact that no receptacles were made or sold by the defendant Banner Metals, Inc. after October 18, 1960 is certainly not conclusive as to the existence of a justiciable issue. This stalemate was the natural result of the pending and threatened litigation, and of the previous threats made against customers.

Plaintiffs' waiver in the agreement [Ex. 5] does not protect, from charges of infringement of Re. 24,731,

any subsequent purchases made by the defendant Langendorf of Exhibit 9 receptacles manufactured by the defendant Banner after October 18, 1960. Plaintiffs have formally stated that they believe the receptacles Exhibit 9 infringe the Reissue Patent [Answers to Defendants' Interrogatories 3 and 4, Record, Volume 1, filed July 7, 1961].

Therefore, unless the issue of infringement of the Exhibit 9 receptacles with respect to the Reissue Patent Re. 24,731 is decided now; defendants will not be in a position to manufacture, sell or use the Exhibit 9 receptacles without fear or threat of litigation from the plaintiffs.

The above-mentioned unhappy condition with respect to the Reissue Patent Re. 24,731 would exist, regardless of the outcome of the suit on Patent 2,931,535 originally in suit. It was therefore of paramount importance to the defendants that the entire situation with respect to *both* '535 patent and the Reissue patent '731 be cleared up. For reasons to be discussed in detail herein, there is believed clearly to exist a justiciable controversy between the parties as to *both* these patents. This continued threat to Banner's right to manufacture the Exhibit 9 receptacles, and to Langendorf's right to use them, obviously creates a justiciable controversy.

The other Banner receptacle, Exhibit O, although not yet actually sold, has been shown to prospective customers [R. 405-408], and Banner has constructed machinery specifically for the purpose of making receptacles such as Exhibit O [R. 420-423].

Therefore, the situation with respect to the Exhibit 9 receptacles is that these receptacles have been manu-

factured and sold to the defendant Langendorf, and to others, by the defendant Banner Metals, Inc.; and the Exhibit 9 receptacles have been used by the defendant Langendorf. Also, other customers of the defendant Banner to whom the receptacles Exhibit 9 have been sold, have been charged with infringement and threatened by plaintiffs in their use of the receptacles Exhibit 9.

The agreement Exhibit 5 refers and grants immunity, *only* to Exhibit 9 receptacles made before October 18, 1960. However, in view of the threats by plaintiffs and charges of infringement of the Reissue Patent Re. 24,731, defendants seek a judicial declaration as to the lack of infringement of the Exhibit 9 receptacles so that these receptacles can be made and sold in the future without fear of litigation.

With respect to the receptacles Exhibit O, these have been manufactured by the defendant Banner, and defendant has expended money in production machinery which would be used in the manufacture of such receptacles. Plaintiffs have formally stated that they believe the receptacles Exhibit O infringe both the Patents 2,931,535 and Reissue Re. 24,731 [Record, Volume 1, Answers to Defendants' Interrogatories 1, 2, 5, 6, filed July 7, 1961].

Although, from the existing factual situation, it is clear that a justiciable controversy exists, plaintiffs have seen fit to cite the standard text, *i.e.*, Borchard's "Declaratory Judgments" (2nd Edition), at page 25 of their Brief, to support their contrary contention. However, they have refrained from completing the quoted section.

Borchard continues, as cited in *General Electric Co. v. Refrigeration Patents Corp.*, District Court, Western

District, New York, 68 U. S. P. Q. 324, 326, 65 F. Supp. 75:

“In the (declaratory judgment) cases thus far decided, there have usually been two elements present, actual manufacture, use or sale by the petitioners, and charges of infringement by the patentee . . . but actual manufacture, use or sale ought not to be essential. It ought to suffice that the party charged is about to infringe or take some action which is prejudicial to the interests of the patentee, and that he is then charged or put on notice that his action is attacked as an infringement, present or prospective.”

It must be appreciated, therefore, that the facts of the present case fall squarely within the philosophy of the very Borchard test cited by plaintiffs, and that under Borchard’s philosophy, declaratory judgment *would clearly* lie in the present situation.

The Court in the above-cited *General Electric* case goes on to say:

“What this author (Borchard) has said as respects the right of a patentee is applicable equally respecting the rights of a prospective manufacturer as against a patentee claiming infringement. An actual controversy cannot exist till the patentee has made the claim that his patent was being infringed, but the notice need not be a formal one . . .”.

In the present case, with respect to Exhibit O, we have a “prospective manufacturer”. However, here we go *beyond* the requirements of the *General Electric* case that the notice of infringement “need not be a formal one”; and in the present case we have a formal notice

of infringement by the plaintiffs in their Answers to Interrogatories 1 and 2, 5 and 6 filed July 7, 1961 [Record, Volume 1]. Therefore, no amount of protestation by plaintiffs can gainsay the clear fact that they do believe that Exhibit O infringes the patents in suit, and they have so asserted formally and in writing. That the reply to the interrogatories was by court order, does not alter the ultimate fact situation created. The interrogatories *do* establish that plaintiffs consider the patents infringed by the Exhibit O receptacles.

A situation similar in all respects to the present situation arose in *Salem Engineering Co. v. National Supply Co.*, District Court, Western District, Pennsylvania, February 5, 1948, 76 U. S. P. Q. 255, 260; 75 F. Supp. 993:

“The fact which may be reasonably anticipated of harrassing the purchasers of the manufacturer by claims for damages would be to diminish the manufacturers opportunities for sale. No one wishes to buy anything if with it he must buy a law suit If a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for declaratory judgment. The time has now passed when a patentee may sit by and refuse to show his hand.”

The clear purpose for defendants' Counterclaim was to obtain a judicial determination as to whether or not defendants and their customers may manufacture, sell and use the Exhibit 9 and Exhibit O receptacles without charges of infringement and threat of subsequent litigation by the plaintiffs.

A determination of non-infringement, based solely on Patent 2,931,535, would be of no aid or help to the defendants or their customers.

This is because defendants' customers had actually been told [Ex. C-2] that the same receptacles Exhibit 9 infringe the related Reissue Patent Re. 24,731. The fact that an agreement [Ex. 5] exists concerning only those receptacles Exhibit 9 made *before* a particular date; does not clarify defendants' right to make, use and sell the receptacles Exhibit 9 after the date specified in the agreement Exhibit 5.

With respect to Exhibit O receptacles, the fact that these receptacles have been manufactured and displayed, and the fact that plaintiffs have formally indicated that such receptacles are considered by them to be an infringement of their Patent 2,931,535, is sufficient to permit a declaratory judgment action.

As noted previously, the issue as to justiciable controversy was ruled on by the District Court in favor of the defendants, and the District Court's opinion may be found in the transcript [R. 466-476]. For convenience, pertinent portions of the District Court's Opinion are set forth herein:

"The further question remains whether the counter claim seeking declaratory judgment presents justiciable issues with respect (1) whether receptacle Exhibit 9, the subject of the original complaint, infringes plaintiff's Reissue Patent '731; and (2) whether receptacle Exhibit O infringes plaintiffs' patent '535 . . .

"As to receptacle Exhibit 9, . . . the evidence shows that on October 18, 1960 plaintiffs and

Banner entered into an agreement under which the plaintiffs agreed not to assert their claim of infringement under Reissue Patent '731 with respect to such receptacles (Exhibit 9) as had been made and sold prior to October 18, 1960; . . .

“Plaintiffs, however, entered into no such waiver with respect to sales of Exhibit 9 taking place after October 18, 1960.

“The evidence shows that Banner has invested \$15,-000.00 at least in machinery for making receptacles Exhibit 9, and about \$15,000.00 for dies.

“It appears further that twenty or thirty of receptacles Exhibit O have been made as production models, and have been demonstrated to customers, but that none have been actually sold and that no orders have yet been received.

“In view of the competition of the parties . . . and in view of the history of the relationship of the parties with respect to past disputes . . . ; in view of the fact that receptacle O has actually been produced and demonstrated to potential customers; and in view of the fact that plaintiffs admittedly asserted that its sale and use would infringe patent '535, the Court considers that the issue presented with respect to receptacle O is such as to present more than a request for an advisory opinion of the Court, and that the controversy with respect to receptacle Exhibit O is sufficiently present and real and substantial as to present a justiciable issue, and that a declaratory judgment thereon would be within the scope of the Declaratory Judgment statute and in accordance with its purpose and in the interests of justice.

“The Court also holds that with respect to receptacle 9 and its possible infringement of patent '535 (Reissue '731), and in that case also the issue presented is more than a request for an advisory opinion and is sufficiently present and real and substantial as to present a justiciable issue, and that declaratory judgment relief is appropriate and suitable in the interests of judgment.”

It is believed clear, therefore, that the existence of a justiciable controversy is amply supported by the facts of this case, and that an action under the Declaratory Judgment Act is proper. It is also pointed out that all the issues were fully adjudicated at the trial, evidence on both sides was presented. Plaintiffs put on a full case through their expert, asserting infringement of one or both patents by both receptacles Exhibits 9 and O, followed by a vigorous argument to the same effect. Yet now plaintiffs would have this Court believe that defendants have no reason to apprehend a threat of infringement action by plaintiffs. Such a position is absurdly untenable. The District Court ruled after a full trial that defendants are free to make Exhibits 9 and O. Defendants should be permitted to market their receptacles under the aegis of that ruling.

Point 2.

Plaintiffs (appellants) contend that the Exhibit 9 receptacle infringes claims 19 and 20 of the '535 patent.

Such a contention creates the burden of showing that Findings of Fact 10, 12, 15, 16, 17, 18, 19, 20, and 23 [Record, Volume 1 Opinion of District Court] are “clearly erroneous”.

Finding of Fact 10 states that the receptacles of the '535 patent are characterized by the fact that, when tiered, the bottom of the upper receptacle lies inside the top of the lower receptacle.

Finding of Fact 12 states that the Banner receptacle Exhibit 9 is an independent invention, conceived by Wilson without any knowledge of the Lockwood receptacles disclosed in patent '535.

Finding of Fact 15 points out that claim 19 of the '535 patent contains the limitation "the dimensions of the lower part of one tray lying inside the dimensions of the upper part of a like tray"; and that this limitation was inserted in the claim during the prosecution of the patent to overcome a rejection on an earlier patent.

Finding of Fact 16 specifies that, contrary to the requirements of claim 19, the receptacles Exhibit 9 are constructed so that when tiered, the lower part of an upper receptacle does *not* lie inside the dimensions of the upper part of a lower receptacle.

Finding of Fact 17 states that the Exhibit 8 exemplar of the receptacles of patent '535 is construed such that the lower part of an upper receptacle *does* and *must* lie inside the dimensions of the upper part of a lower like receptacle.

Finding of Fact 19 states that claim 19 of the '535 patent contains a further limitation there, there be a "generally vertically extending clearway from directly above each lower point of support of an upper receptacle extending upwardly to the upper points of support of a lower receptacle when two like receptacles are nested". This Finding also states that Exhibit 9 does *not* contain the structural features of the generally vertically extending clearway required by claim 19.

Finding of Fact 20 also states that claim 20 of the '535 patent is similarly limited by the relative dimensions between upper and lower receptacles in the requirement that "the dimensions of the upper and lower parts of said receptacles permitting the lower part of an upper receptacle to enter vertically downward into the upper part of a lower like receptacle."

Finding of Fact 23 states that the limitations in claims 19 and 20 of plaintiffs' patent '535 concerning dimensions lying inside, and concerning clearways, are *not* found either *literally*, *substantially*, or *equivalently* in the defendants' Exhibits 9 or O.

As noted above, a contention that, despite the ruling of the District Court, Exhibits 9 and O *do* infringe claims 19 and 20 of the '535 patent, would require a holding by the Appeal Court that the Findings of Fact outlined above are not based on substantial evidence and are "clearly erroneous".

However, these Findings of Fact are based on a detailed examination of the evidence by the District Court, as represented by the exhibits introduced by both parties, including defendants' Exhibits 9 and O; and on a studied and detailed comparison by the District Court of the claims 19 and 20 of the '535 patent with the Exhibits 9 and O; these Findings of Fact are also based upon arguments and briefs submitted by counsel for both parties; and upon the testimony of witnesses, including experts for both sides. It is believed evident that the Findings are clearly based on substantial evidence and are clearly proper.

The Court's attention is particularly invited to the cross-examination of the plaintiff's expert witness

Townsend on this issue [R. 128-141]; and to the testimony of defendants' expert witness Robbins on the same issue [R. 266-268].

In its Opinion, at pages 7-13 [Record, Volume 1], the District Court commented upon the fact that conflicting expert testimony had been introduced by the plaintiffs and the defendants with respect to the infringement by Exhibit 9 and claims 19 and 20 of the Lockwood patent '535. The District Court stated at page 8, line 8 *et seq.* of the Opinion:

“This conflict arose out of different constructions placed by the respective experts upon claim 19 of Lockwood '535 in two principal respects of which the most important is the limitation in claim 19 concerning dimensions of the lower part of an upper tray lying inside the dimensions of the upper part of a like lower tray.”

The Court also stated at page 10, line 13 *et seq.* of the Opinion that:

“A conflict in the testimony of the experts also arose out of different constructions placed by them on another limitation of claim 19 concerning a generally vertically extending clearway from directly above each lower point of support of an upper receptacle extending upwardly to the upper points of support of an upper receptacle when two like trays are nested.”

After weighing the evidence, and after examining the Exhibit 9 receptacles and claims 19 and 20 of the '535 patent, and after a consideration of the briefs and arguments of Counsel; the District Court concluded that the claimed dimensions and clearways did not appear in

the accused article Exhibit 9, and held non-infringement of the patent.

Attention is invited to the following testimony of defendants' expert witness Robbins on the issue [R. 266-268] as constituting a portion of the evidence on which the aforementioned Findings of Fact were based, and which led to the adjudication by the District Court of no infringement:

"Q. Mr. Robbins again referring to claim 19 of Lockwood '535 I will read you a clause from that claim, starting at column 16, line 5. The clause reads as follows: 'there being a generally vertically extending clearway from directly above each lower point of support of an upper receptacle extending upwardly to the upper point of support of a lower receptacle when two like receptacles are nested'. Can you find such a defined clearway in the Banner receptacle Exhibit 9? A. Since this clause, claim 19, calls for the receptacles to be in the nesting position, I will place them in that position. The clause also calls for the vertically extending clearways from directly above each lower point of support of an upper receptacle, which would be in this position. Extending upwardly to the upper point of support of the lower receptacle. Now, this being your lower point of support of the upper receptacle, the clearway is called for extending to the upper point of support of the lower receptacle, and you will find this bar (marked 10) blocking the clearway. So I would say that I cannot find such a clearway in Exhibit 9, and this is true at each of the four corners of Exhibit 9.

Q. I will also read you a second clause, a further clause, from claim 19 of Lockwood '535, starting at column 16, line 9. This clause reads as follows: 'the dimensions of the lower part of one tray lying inside the dimensions of the upper part of a like tray . . .'. A. If we define the dimensions of the lower part of one tray as including this area, (indicating Exhibit 9) including the upper . . . or lower, rather, support members of the lower portion of this tray; and if we define the upper dimensions of the upper part of a like tray as including these loops, you find that the dimensions of the lower part of one tray cannot fit inside the dimensions of the upper part of a lower tray, and in fact they are spaced slightly above as shown here.

Q. I will direct your attention to claim 20 of Lockwood '535, and I will read you a clause of claim 20 starting at column 16, line 43: 'the dimensions of the upper and lower parts of said receptacle permitting the lower part of an upper receptacle to enter vertically downward into the upper part of a lower like receptacle and permitting a shifting movement of said upper receptacle relative to said lower receptacle . . .'. A. You find again, as I just testified a moment ago with respect to the clause in claim 19, that the dimensions of the lower part of an upper receptacle (again referring to Exhibit 9) interfere with the dimensions of the upper part of a lower receptacle, so that the lower part of the upper does not fall within the upper part of the lower container."

As noted above, on the basis of this studied comparison in Robbins' testimony between claim 19 of the '535 patent and Exhibit 9; and upon the basis of an examination of the various Exhibits, and of the Patents in suit; and on the testimony of both expert witnesses, the foregoing Findings of Fact were made; and the Court concluded that Exhibit 9 did not infringe the Lockwood '535 patent. It is believed clear that the aforesaid Findings of Fact are based on substantial evidence, and that it cannot be validly stated that they are "clearly erroneous".

The District Court also pointed out at page 11 of its Memorandum Opinion:

"Even if a claim can be read in terms upon an accused article, infringement does not necessarily follow unless it can be found as an ultimate fact that the article uses the inventor's idea as embodied in the inventor's design and drawings and that there is sameness or equivalence of function and means. See: *Trenton Industries v. Peterson*, 165 F. Supp. 523, 529 (S.D. California 1958); *Grant v. Koppl*, 99 F2d 106 (Ninth Circuit 1938); *McRoskey v. Braun Mattress Co.*, 107 F2d 143, 147 (Ninth Circuit 1939).

"The mere fact that the accused article performs the same function and achieves the same result as the patented article does not necessarily establish infringement unless it can be found that this is accomplished in substantially the same way and where, as in this case, the art is fairly crowded and the main elements of the patent are found or indicated in the prior art, this issue should be determined narrowly rather than liberally. If in fact, not

merely colorably, the accused article departs from the teaching of the patent in the means by which it achieves the result there is no infringement. *Johnson & Johnson v. Carolina Lee Knitting Co.*, 258 F2d 593, 597 (Fourth Circuit 1958). . . .

In a combination patent, such as involved in this case, every element of a particular claim is presumably essential and, therefore, every element of the claim, or its functional equivalent, must ordinarily be found in the accused article. See *Q-Tips, Inc. v. Johnson & Johnson*, 207 F2d 509 (Third Circuit 1953).

“Where, as in this case, no embodiments of the patent asserted by plaintiff have ever been produced for commercial use, that circumstances is one calling for a narrow rather than a liberal construction of its claim. See: *Thompson v. Westinghouse Electric*, 116 F2d 422, 425 (Second Circuit 1940); *Glendenning v. Mack*, 159 F. Supp. 665, 668-669 (D. Minn. 1958).

“Also, as in this case, an applicant has been required to narrow his claim in order to distinguish it, any contention of the applicant that such claim is not essential or that it is infringed by an equivalent in the accused article, should be considered with care and subjected to a narrow rather than a liberal construction. See *IDS Rubber Co. v. Essex Rubber Co.*, 272 US 429, 433 (1926).”

In the light of the evidence received during the trial, and in the light of the legal principles set forth, the District Court concluded [Finding of Fact 23] that the limitations of claims 19 and 20 of the '535 patent concerning dimensions lying inside and concerning clearway

are not found either literally, substantially or equivalent in the receptacles Exhibit 9.

On the basis of the aforesaid evidence and legal principles, the above-mentioned Findings of Fact 10, 12, 15, 16, 17, 19 and 20 were formulated; such Findings *are* based on substantial evidence and cannot validly be considered to be “clearly erroneous”.

Attention is invited to the case of *Becker v. Webcor, Inc.*, Court of Appeals, Seventh Circuit, 289 F. 2d 357, 129 U. S. P. Q. 111, 113 (1961):

“We are faced with a situation on appeal here in which we must give great weight to the findings made by a trial Judge who saw and heard the experts testify. He had personal opportunity to understand the explanation of the tests, the charge and results produced and the effect to be accorded the extended examination of the witnesses before him. After the conclusion of the testimony the trial court had the further benefit of briefs by the parties. The court, after indicating a finding favorable to Webcor on all issues, directed Webcor’s counsel to prepare and submit proposed Findings and Conclusions leading to the judgment for defendants. This was done. The trial court adopted 38 Findings of Fact and 18 Conclusions of Law in the form as submitted. We have carefully examined all of them . . .”.

The Appeal Court in the *Webcor* case affirmed the judgment of the District Court. It is believed that the present situation is analogous to the *Webcor* case.

Instead of attempting to show that the Findings of the District Court are clearly erroneous, plaintiffs, in

their brief, have attempted to open up the entire argument concerning the “dimensions” and “clearways” causes of claims 19 and 20 of the '535 patent.

Plaintiffs' attempt to reopen these issues extends even to the reference to exhibits not in evidence, in the form of Plates II and IIA of their brief, which plates were not offered during the trial.

In their argument concerning the “dimensions” clause, plaintiffs, at page 32 *et seq.* of their brief, raises certain specious references to “structural definitions” and to the meaning of “dimensions”.

As noted, the “dimensions” clause was inserted in claims 19 and 20 of the '535 patent specifically to distinguish the claims from an earlier patent [Finding of Fact 15], and in the face of the refusal by the Patent Office to allow the claims unless such a distinguishing limitation were inserted in them.

It is of no moment that certain illustrations of the '535 patent, as noted in plaintiffs' brief, may show trays which do not extend into one another when stacked. The *claimed* invention of '535, as set forth in claims 19 and 20, requires such a relationship.

As pointed out by the District Court in its Opinion (*supra*) any limitation inserted by an application into a claim in order to distinguish it from the prior art, cannot later be contended to be inessential, citing *IDS Rubber Co. v. Essex Rubber Co.*, 272 U. S. 429, 433.

Not only do plaintiffs attempt on appeal to reopen the arguments concerning the “dimensions clause” limitations of claims 19 and 20, but they also seek to reopen arguments on the “clearways clause” of these claims

(Pltf. Br. p. 36 *et seq.*). Again, in an attempt to bolster their arguments, the plaintiffs rely on the newly submitted evidence, namely Plate II, of their brief.

It should be pointed out, as noted above, that after weighing evidence presented on both sides, the District Court found that the required clearways of claims 19 and 20 do not exist in the receptacles Exhibit 9, because of the interrupting bar 10.

The following is a detailed reply to the plaintiffs' contentions concerning the "dimensions" limitations and the "clearways" limitations.

The Significance of the "Dimensions" Limitation.

The true significance of the "dimensions" limitation in claims 19 and 20 of the '535 patent, as it was intended by the applicant and understood by the Patent Office Examiner during the prosecution of the patent, can best be appreciated by studying the history of these claims as they progressed through the Patent Office. This history is to be found in the file wrapper of patent 2,931,535 [Ex. 10].

Claim 19 in the patent application as filed [pp. 32 and 33 of Ex. 10] originally read as follows:

"19. A receptacle, adapted for tiering and nesting with other like receptacles, having a bottom means and upwardly extending means rigidly connected with said bottom means at spaced points about the periphery of said bottom means, there being a plurality of upper tiering support portions rigid with said upwardly extending means and adjacent the upper end thereof, a plurality of lower tiering support portions rigid with one of said means and adjacent said bottom means, said upper support

portions being vertically above said lower support portions, said support portions being distributed about the periphery of said bottom means and positioned to hold an upper receptacle firmly and evenly when said lower support portions of an upper receptacle engage upon said upper support portions of a lower like receptacle, there being a vertically extending clearway from directly above each lower point of support extending upwardly to the uppermost position of the upper points of support of a lower receptacle when two like receptacles are nested, there being a vertically extending clearway from a point to one side of and adjacent each upper point of support extending downwardly near to the lowermost portion of the lower points of support of an upper receptacle when two like receptacles are nested, said upwardly extending means being so constructed and arranged as to nest with like parts of a like receptacle, said second named vertically extending clearways all being positioned at that side of the associated upper points of support so that a shifting of an upper receptacle relative to a lower receptacle from a tiering position, in a direction so that all parts of the shifted receptacle move generally in horizontal planes only, will place all of said lower points of support of an upper receptacle vertically over said second named vertically extending clearways of a lower like receptacle, after which the upper receptacle may be moved downwardly in a second like receptacle to nested position, the above named parts of a receptacle permitting nesting and tiering of two like receptacles with their like parts in vertical registration one above the other.”

In his first Action on the application [p. 52 of Ex. 10], the Patent Office Examiner rejected the claims, including claim 19, "as unpatentable over the patent to Lockwood ('936)". (The '936 patent is the early Lockwood patent which subsequently was reissued as Reissue 24,731 also involved in the present law suit). In this rejection the Examiner stated:

"In Lockwood, attention is called to Figures 9 to 11 on which these claims read in all material respects. Insofar as the structure positively set forth in the claim is concerned, it is a matter of indifference whether the device is rotated slightly on a horizontal or a vertical axis."

In response, the applicant tacitly acquiesced in this determination by the Examiner, and inserted the following limitation in claim 19:

"the dimensions of the lower part of one tray lying inside the dimensions of the upper part of a like tray". [P. 54 of Ex. 10].

In commenting on this added limitation, the applicant noted [P. 55 of Ex. 10]:

"These claims now clearly distinguish structurally over the Lockwood patent by reciting that the bottom of one tray has dimensions which fit inside the upper portion of a like tray. This is obviously impossible in Lockwood's Figures 9 to 11 cited by the Examiner."

This obvious impossibility noted by Lockwood's attorney is due entirely to the lugs 48 of an upper tray (Figure 10 of '936) which form the lower tiering support portions, and which engage upper tiering support

portions 53 of a lower tray, when two like trays are tiered. *However, this identical relationship is also found when the Banner Exhibit 9 trays are tiered.* Therefore, if the added “dimensions” limitation of claim 19 is to distinguish over the prior art trays of Figure 10 of Lockwood '936, this limitation must equally distinguish the claim from the Banner trays Exhibit 9, so that infringement by the trays Exhibit 9 of claim 19 is manifestly impossible.

At the trial, plaintiffs took the position that in defendants' Exhibits 9 and O, once the upper tray has been manipulated to institute the nesting action, the dimensions of the lower part of an upper tray do, of course, lie inside the dimensions of the upper part of a lower tray, because this is obviously a requirement for the nesting. If such a meaning is ascribed to the added limiting clause in claim 19, however, the necessary distinction over the trays shown in Figures 9 to 11 of the prior art '936 patent would be entirely lost. Therefore, this could not possibly have been the meaning intended by either the Examiner or the applicant during the prosecution of the application.

The clear meaning of this limiting “dimensions” clause must have been to distinguish the partial pre-nesting capabilities illustrated in Figures 37 and 41 of the '535 patent, and of the tiered trays exemplified three dimensionally in Appellants' Exhibit 8, from the trays shown in Figure 10 of the '936 prior art patent. This clause distinguishes with identical cogency over defendants' Exhibits 9 and O.

The law is well settled that an applicant may not insert a limitation under the aegis of one connotation to

secure an allowance over a reference patent ('936), and then urge a different meaning in order to expand his claim so as to capture an alleged infringer [*e.g.* Exs. 9 and O]. Note *I.D.S. v. Essex*, 272 U. S. 429.

Here the plaintiff is in effect attempting to ignore the "dimensions" limitation, which was deliberately added [P. 54 of Ex. 10], by so construing claim 19 to cover defendants' Exhibit 9 that it must of necessity cover the trays of Figure 10 of the '936 prior art reference patent, the very prior art over which it was supposed to distinguish.

The record thus shows beyond question the significance and meaning which the Examiner and the applicant ascribed to this "dimensions" limitation during the prosecution of claim 19. Then, when claim 20 was added, the inference is inescapable that the same significance for the "dimensions" limitation was understood by both the Examiner and the applicant. In addition, further language in claim 20 offered emphasis to this understanding. Claim 20 contains this limitation:

"the dimensions of the upper and lower parts of said receptacle permitting the lower part of an upper receptacle to enter vertically downward into the upper part of a lower receptacle".

This latter clause points up the distinction between the partial nesting feature of the tiered trays of Figure 37 ('535) on the one hand, and the tiered trays of Figure 10 of the Lockwood patent '936, and of defendants' Exhibits 9 and O, on the other hand.

Claim 20 still further specifies:

“. . . and permitting a shifting movement of an upper receptacle relative to said lower receptacle involving moving said bottom portion of said upper receptacle and generally in a horizontal plane”.

Logical meaning can be ascribed to the above limitation only when the receptacles are first considered in the tiered position shown in Figure 37 of the '535 patent. It is only in this attitude that the “dimensions” limitation distinguishes over the prior art Lockwood patent '936. Not only had the Examiner been previously conditioned to this meaning of the “dimensions” language by virtue of the prosecution of claim 19, but there is the added explanation in claim 20 that this dimensional relationship is one which permits:

“. . . a shifting movement of the upper receptacle relative to the lower receptacle involving moving said bottom portion of said upper receptacle generally in a horizontal plane”.

This shifting movement obviously refers to the preparations for nesting, wherein the receptacles are taken from the tiered position shown in Figure 7 of the '535 patent (where the dimensions are as recited in claim 20) to a position where the upper receptacle is ready to be dropped into nested position in the lower receptacle.

The Significance of the “Clearway” Limitation.

In addition to the “dimensions” limitation, discussed above, claim 19 of '535 also contains a specific limitation concerning the extent of the “clearway”, a feature not present in either of the Banner receptacles Exhibits 9 or 0. The “clearway” limitation is also present in claim 7 of the Reissue Patent Re. 24,731.

Referring first to claim 7 of the Reissue Patent, this limitation reads as follows:

“there being a clearway provided between said bottom load supporting part and upper edge parts and side parts downwardly from each of said upper support members”.

This “clearway” is substantially the same in all of the examples illustrated in the reissue patent. For example, in Figure 1 of the reissue patent, the “upper support member” is the bar 20 shown in Figure 1, while the “bottom load supporting part” is obviously that portion of the tray 19 immediately below the bar 20. It is clear in Figure 1 of the Reissue Patent Re. 24,731, as well as all the other figures of the reissue patent, that this space between these two parts is completely free. And it must be free to achieve the close nesting taught in the drawings and specification of the patent.

This structural “clearway” is not found in the Banner receptacles, and specifically Exhibit 9, which is the one charged to infringe claim 7 of the reissue patent. Assuming *arguendo* that there is a “clearway” in the Banner basket, in the sense intended by claim 7 of the Reissue Patent Re. 24,731, there can be no question that this “clearway” does *not* meet the structural description set forth in the claim, which requires that the clearway extend between the bottom load supporting part and the upper support member. In Banner, the “clearway” instead of extending to the lower support member, is frustrated by a special nesting member 10 which prevents the close nesting taught by the reissue patent.

In claim 19 of '535 this "clearway" is defined as follows:

" . . . there being a generally vertically extending clearway from directly above each lower point of support of an upper receptacle extending upwardly to the upper point of support of a lower receptacle when two like receptacles are nested".

The "clearway" in the Banner receptacle, Exhibit 9 (assuming again that there is a "clearway" in the meaning intended in claim 19 of '535) does not extend "from directly above each lower point of support", but on the contrary does not start until well above the lower point of support, by virtue of the special nesting stop 10 referred to above.

The "clearway" recited in claim 19 of patent '535 is viewed when one receptacle is nested in another, and the limits of the "clearway" are defined in terms of two nested receptacles, rather than a single receptacle, as was the case in claim 7 of the reissue patent. Again, the special nesting stop 10 of the Banner receptacles, Exhibit 9, serves to terminate and frustrate the "clearway" whether the "clearway" be defined in terms of two nesting baskets, as in claim 19 of Lockwood patent '535, or in terms of a single basket (as in claim 7 of the Lockwood Reissue Patent Re. 24,731).

In addition, as evidenced by plaintiffs' responses [filed July 28, 1961, Record Volume 1] to defendants' interrogatories 28-35 [filed July 10, 1961, Record Volume 1][Ex. M] the invention of Lockwood patent '535

as represented by the numerous embodiments disclosed in the patent, has never enjoyed any commercial sale, and that none of the embodiments have been produced commercially, and that most of the embodiments have never been built at all. Therefore, the patent '535 is, under the law, a "paper patent" so that its claims must be given a most narrow and limited construction. This is illustrated by the following decisions: *Thompson v. Westinghouse Electric & Mfg. Co.*, Court of Appeals, Second Circuit, 116 F. 2d 422, 425; 48 U. S. P. Q. 49:

"As no commercial use has been made of the patent in suit it should, though good for what it clearly does cover, not be expanded beyond that . . . and the claim must be read not to discover merely whether it verbally covers what defendants have done, but whether it does when construed in the light of what was actually disclosed."

Glendenning v. Mack, District Court of Minnesota, 159 F. Supp. 665, 668; 116 U. S. P. Q. 249:

"Non-use of a patent does not relate only to novelty, but to the question of infringement. The underlying basis for the application of a paper patent theory as applied to infringement is that an inventor is not entitled to restrain progress of his art by failing to use his invention. His invention is given narrow range of equivalents when he fails to utilize his invention so that progress in the art may continue freely despite unused patent. Courts are reluctant to give a patent any broader scope than is clearly required to be given when the patent alleged to have been infringed has never been used."

Point 3.

That appellants contend that the '535 Patent is not anticipated by the prior Faulkner Patent 2,252,964.

If this assertion by the appellants is to be sustained, the following Findings must be found to be erroneous:

“24. The idea of tierable, nestable receptacles or baskets having no moving parts, which may be changed from tiered to nested position by a lateral shift into nesting clearways was not new with Lockwood, nor was the idea of receptacles which both tier and nest in vertical alignment.

25. The prior art Faulkner patent 2,252,964 teaches tierable, nestable receptacles without moving parts in which movement from tiered to nested position is effected by a rotational manipulation, without tilting, of the upper receptacle above the lower receptacle to align it with clearways that make nesting possible. In Faulkner, tiering as well as nesting produces exact vertical stacking or alignment. Faulkner was not cited by the Patent Office Examiner during the prosecution of the '535 patent.”

Appellants' primary objection to the use of the Faulkner structure as a prior art reference appears to reside in the fact that the upper receptacle of the Faulkner patent must be rotated 180° to move it from a tiering position to a nesting position.

The Faulkner patent is, however, a nestable-stackable receptacle which does not require movable parts. The upper receptacle is nested into a lower receptacle by a rotation of 180°. The prior art Faulkner receptacles are capable of tiering and nesting in a vertical stack

which has no tendency to digress from “exact vertical registration of one receptacle to the other”. The features of the Faulkner receptacles are expressly stated in the Finding of Fact 25. Appellants have not attempted to assert any error in this Finding.

The manner in which the prior art Faulkner receptacles are nested into one another is, admittedly, different from the non-rotational shift of the latter two embodiments of the Lockwood '535 patent. Moreover, it may be granted that the amount of rotational shift required to nest the Faulkner receptacle is greater than that required to nest certain embodiments of Lockwood patent '535.

However, Lockwood's attorney himself stated in describing the rotational shift receptacles of Lockwood patent '535 in the file wrapper [Ex. 10] at page 12 (first full sentence):

“Also, the limitation in claims 19 and 20 that the shifting of the upper tray relative to the lower tray is a ‘short distance’ (for nesting) it is believed unnecessary that the invention does not relate to the distance that shifting takes place.”

Therefore, appellants' counsel in attempting to obtain the claims of patent '535 expressly stated that the invention does not relate to the distance that the shifting takes place. However, in their brief, and in attempting to distinguish the claims of '535 from the prior art Faulkner patent (which, presumably was not known at the time of the prosecution of '535) plaintiffs assert that there *is* significance to the fact that Faulkner shifts 180° in order to nest an upper receptacle into a lower receptacle.

In any event, the important and paramount factor here is that neither claim 19 nor 20 of the '535 patent are limited in any manner to a *rotational* shift or to a *linear* shift, or to any particular amount of shifting, when the upper receptacle is to be nested into the lower receptacle.

Once it has been found that the claims of a patent are broad enough to read on the prior art, they cannot be saved by adding limitations impliedly, such as the limitation pertaining to the amount of shift or the direction of shift, if such limitations do not expressly appear in the claims. *Briggs and Stratton Corp. v. Clinton Machine Co. Inc.*, Court of Appeals, Eighth Circuit, 114 U. S. P. Q. 438, 440; 247 F. 2d 397 (1957):

“We find no error in that conclusion and when we turn back to the theory of invention and patentability here contended for, we find it to be made without merit. The claims were made broad enough to cover an engine element produced by either kind of casting which resulted in certain advantages in use, and when it is found as in this case, that such elements in internal combustion engines were old . . . the patent cannot be saved by asserting limits to the claim not contained in them . . .”

Likewise, the District Court of the Northern District of Illinois stated in the case of *Simmons Co. v. Sealy, Inc.*, December 18, 1957, 116 U. S. P. Q. 312, 314, 157 F. Supp. 1:

“Simmons cannot be permitted to contract the scope of its claims . . . for the purpose of validity and to expand them for purposes of infringement.”

Appellants' expert witness Townsend testified [R. 303-307] that certain differences, in his opinion, existed between the structure disclosed in the prior art Faulkner patent and the purported invention defined in claims 19 and 20 of Lockwood '535. These differences concern the vertically extending clearways defined in claim 19, for example, and the fact that the upper and lower support portions of Faulkner are not vertically aligned. Mr. Townsend also testified [R. 305] that Faulkner did not show like parts of the two nested receptacles in nested registration.

In this respect, it should be pointed out that in order for a claim of a patent to be held valid, it must be shown that the invention defined in the claim represents a degree of difference which amounts to a patentable invention. As stated in the *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.* case in the Supreme Court 340 U. S. 147 (1950); 87 U. S. P. Q. 303, 307:

"It was never the object of those laws to grant a monopoly to every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufacture . . . It embarrasses the honest pursuit of business with fear and apprehensions of concealed means and unknown' liabilities to law suits and vexatious accountings for profit made in good faith. (Citing with favor Mr. Justice Bradley in *Atlantic Works v. Brady*, 107 US 192, 200.

The standard of patentability is a constitutional standard; and the question of validity of a patent is a question of law . . . The court now

recognizes what has long been apparent in our cases: that it is the 'standard of invention' that controls, and is present in every case where the validity of a patent is in issue. It is that question which the court must decide . . . The attempts through the years to get a broader, looser conception of patents than the Constitution contemplates have been persistent. The Patent Office, like most administrative agencies, has looked with favor upon the opportunity which the exercise of discretion affords to expand its own jurisdiction . . .”.

This point was also raised in *Borkland v. Pedersen et al.*, C. A. 7 (1957), 244 F. 2d 501, 113 U. S. P. Q. 401, 402:

“We have examined all the prior art submitted, including documentary and oral evidence . . . From a consideration of all this prior art we think it clear that each element . . . (claimed) . . . was within the teachings of the art . . . Therefore, he did not achieve invention unless in combining these old elements, he produced a new result . . . We think, after examining the record, that to upset the finding of no invention is unjustified in view of the provisions of Rule 52(a) of the Rules of Federal Procedure. It is clear, we think, from the record, that plaintiff fell short of proof of a patentable invention . . . We agree with the trial court that no patentable invention exists . . . that any proved increased facility of operation does not rise to the statute of invention, and that no new and surprising result over the earlier art shown,—at most of such character as to impel a conclusion of patentable invention.”

The fact remains, therefore, that Lockwood in patent '535 was not the first to invent a receptacle which is capable of nesting or stacking without movable parts, or which may be stacked and nested in a manner such that each receptacle is in exact vertical registration with the next lower, or next upper, receptacle; all these features being shown in the prior Faulkner Patent. The mere fact that claim 19 of Lockwood patent '535 may specify upper support points vertically above lower support points, or like elements in vertical registration, is believed non-essential to the functioning of the claimed combination. The required end result, that is, vertical registration between stacked and nested baskets, is achieved in both Faulkner and in the latter Lockwood patent '535.

Moreover, an examination of the structure of the prior art Faulkner receptacles reveals that the "clearways" recited in claims 19 and 20 of Lockwood '535 *do* exist in the Faulkner structure, because such clearway are *essential* if the Faulkner receptacles are to nest, as they do.

As noted, any differences between the claimed combination of claims 19 and 20 of Lockwood Patent '535 and the Faulkner receptacle, asserted to exist by plaintiff's expert Mr. Townsend in his rebuttal testimony, are minor in nature, if they exist at all, and certainly do not fulfill the legal requirements that the claimed structure of Lockwood '535 must represent a patentable invention over the prior art Faulkner structure.

Point 4.

Plaintiffs contend that the Lockwood '535 Patent is not anticipated by the prior Blom Patent 2,684,766,

Defendants' witness Wilson testified that the receptacles marked Exhibit J were construed in accordance with the teachings of the prior art Blom Patent 2,684,766 [R. 210, 211]. Wilson also testified that the receptacles Exhibit K were also construed in accordance with the teachings of the Blom patent, with the exception that the "clearways" in Blom were slanted, rather than being straight up and down [R. 222, 223]. This position was not challenged by plaintiffs. The introduction of Exhibit K was objected to by plaintiffs [R. 220, 521], but was admitted [R. 221, 521] for purposes of illustrating the testimony of defendants' expert witness Robbins. Robbins testified that, in his opinion, the mere slanting of the clearways of the Blom structure would not amount to invention. The following testimony appears at [R. 240, 241]:

"Q. Based on your knowledge of the Blom patent, what differences do you find in Exhibit K?

A. The Exhibit K differs from the structure shown in the Blom patent on sheet 1 only in that the slots are slanted.

Q. In your opinion, as a patent solicitor, would such a change represent a patentable improvement over the receptacles shown in the Blom patent?

A. No, it would not. I would advise a client under those circumstances that it would be impossible to obtain a patent for such a deviation over the Blom structure as shown in the Blom patent on the first page."

Therefore, the reading by Robbins of claim 19 on the structure of Exhibit K [R. 240-246], and his reading of claim 20 of Lockwood '535 on Exhibit K [R. 252-256] carries the conclusion that claims 19 and 20 likewise did not distinguish patentably over the prior art Blom patent, and are therefore invalid.

It should be pointed out that the District Court did not actually hold the claims 19 and 20 of the Lockwood patent '535 invalid. The Court discussed the validity of the Lockwood '535 patent at pages 13-16A of the Memorandum Opinion [Record, Volume 1]. After discussing the question of validity in detail, the Court came to the conclusion that:

“In any event, the most that can be said is that any ‘invention’ in '535 must reside in the specific structure of its particular receptacles and not in the art or the article itself. In other words, '535 may be invalid as an ‘improvement’ patent, assuming it possesses the requirements of patentability, by its new, useful combination of the several parts of which it is composed, or by a modification of the devices which enter into its construction . . .”

The Court concludes at page 16A, however, that:

“In view of this conclusion, already applied to the infringement issue, it is not necessary to decide, whether, thus construed, '535 is, nevertheless invalid in view of the prior art shown in Faulkner and Blom.”

Point 5.

Appellees in this cross-appeal urge error in the above conclusion of the District Court, and assert that the mere fact the Court found non-infringement of the '535 patent by defendants, does not relieve it from the duty of finding invalidity with respect to claims 19 and 20. See, for example, *Hawley Products Co. v. U. S. Truck Co., Inc.* (C. A. 1), 259 F. 2d 69, 118 U. S. P. Q. 424, 429:

“. . . in *Altvater v. Freeman*, 319 US 359 (1949), the Court held that although a decision of non-infringement finally disposed of a bill and answer, it did not dispose of a counterclaim which raised the question of the validity of the patent in suit . . . the law since the *Altvater* case is settled that a court retains jurisdiction to hold a patent invalid even after it had been found not infringed . . . of the two questions of validity and infringement 'validity has the greater public importance' *Sinclair Co. v. Interchemical Corp.* 325 US 327, 330 (1945), for it is of greater interest to the public that an invalid patent should not remain in the art as a scarecrow . . .”.

For the reasons discussed above in conjunction with Points 3 and 4, and as amply demonstrated during the trial, it is believed that claims 19 and 20 of the Lockwood patent are invalid as failing to define patentable novelty over the prior art Faulkner patent and over the prior art Blom patent.

Point 6.

Plaintiffs contend that Exhibit 9 infringes claims 21-28 of the '535 Lockwood patent.

As stated in Finding of Fact 21:

“Claims 21 through 28, inclusive, being dependent upon claim 20, contain by reference all the limitations of claim 20.”

It follows, therefore, that since claim 20 is not infringed by the Exhibit 9, the dependent claims 21-28, likewise, cannot possibly be infringed.

In addition to the above considerations, claims 21-28, as brought out by the testimony of plaintiff's expert Mr. Townsend [R. 142-151], as well as the statements contained in the file history of patent '535 [Ex. 10] all clearly indicate that these dependent claims are directed to embodiments disclosed in the Lockwood patent '535 which are nested by a rotational shifting movement and which are dissimilar in structure and in mode of operation from the receptacle Exhibit 9.

It is also pointed out that claim 20 was added to the application which resulted in the '535 patent by an Amendment dated May 26, 1949 [pp. 60-62 of Ex. 10]; and that claims 21-28 were added by an Amendment dated November 3, 1959 [pp. 66-73 of Ex. 10]. These amendments are added *after* photographs of Exhibit 9, and the charged receptacle Exhibit 9 itself, were actually in the possession of appellants' attorney, and in a specific attempt to cover Exhibit 9 [See Mr. Lockwood's testimony R. 95-97]. As evident by the file history of patent '535 [Ex. 10] the claims 20-28 were added after the receptacles Exhibit 9 were in posses-

sion of Lockwood's attorney. It is obvious that claims 20-28 were drawn, *not* "to particularly point out and distinctly claim" the *Lockwood* invention as required by the United States Code (35 U. S. C. 112); but to attempt to depart from the Lockwood invention and cover the subsequently appearing independent Wilson invention Exhibit 9.

A similar situation was considered by the District Court of Western Pennsylvania in the case of *Galion Iron Works & Mfg. Co. v. Beckwith Machinery Co.*, 25 F. Supp. 73, 74, 38 U. S. P. Q. 90 (affirmed on appeal 105 F. 2d 941, 42 U. S. P. Q. 209). In that case, the Court quoting with favor Mr. Justice Adley in *Chicago Northwestern Railway v. Sales*, 97 U. S. 554, 563, 24 L. Ed. 1053, stated:

"As we consider this patent we note that all the claims sued upon were added by amendment long after the application for patent was filed If in the meantime, other inventors have entered the same field, we have a case of possible intervening rights which cannot be appropriated by the patentee, merely by amending his claim

"The law does not permit such an enlargement of the original specification, which would interfere with other inventors who have entered the field in the meantime, anymore than it does in the case of reissue of patents Courts should regard jealousy and disfavor any attempts to enlarge the scope of an application once filed The effect of which would be to enable the patentee to appropriate other inventions made prior to such alterations"

Point 7.

The plaintiffs (appellants) assert that Exhibit O infringes claims 20-23 and 25 of the '535 patent. This assertion controverts Findings of Fact 22 and 23; and Conclusions of Law 7-9.

For the reasons discussed above with respect to Exhibit 9, Exhibit O likewise clearly does not infringe the '535 patent. As conceded in plaintiffs' brief (page 46), even their witness Mr. Townsend had difficulty in bringing Exhibit O under the definition of the claims of patent '535. He found it necessary to give a broader reading to the "clearway" clause of claim 20 [R. 216]. He also suggested that the "doctrine of mechanical equivalents" should be applied [R. 612, 614]. He also found a lengthwise dimension for Exhibit O [R. 629], even though the Exhibit does not have any ends, and asserts that the dimension is, therefore, "infinite"! But such considerations would require a broad interpretation of claims 20-23, 25 of the '535 patent, to say the least. However, as pointed out in the above cited cases, the conditions are such that the claims of the '535 patent are *not* entitled to a broad interpretation.

Reissue Patent Re. 24,731.

It should be noted, at this point, that the District Court held that claim 7 of the Reissue Patent Re. 24,731 is invalid [p. 21 of the Memorandum Decision, Record Volume 1], on the basis that "not only that no error was shown as a basis for the reissue, but also that the original patent '936, containing exclusively embodiment so designed and constructed that nesting could be accomplished by tilting manipulation only, did not show an intention to include a manipulation by horizontal,

lateral shift manipulation that could be accomplished only by a different means of design and structure than those actually shown in the drawings and specifications.”

Point 8.

It is defendants’ contention that not only is claim 7 of the Reissue Patent ’731 invalid, but that the *entire* reissue patent is invalid, and not infringed.

A. Invalid for Lack of “Error”.

The entire Reissue Patent ’731 is invalid in that it does not fulfill the requirements of the Reissue Statute 35 U. S. C. 251 (January 2, 1953).

The wording of the statute is clear :

“When any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of defective specification or drawings, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall . . .”

The inventor Lockwood, as is apparent in the Oath on file in the file history of the Reissue Patent ’731 [Ex. C-7] did not even aver error. Indeed, plaintiffs’ counsel admitted in open court that there was no error, and made the surprising assertion that the law does not require error.

Plaintiffs’ counsel Mr. Baldwin stated [R. 485-485A]:

“I should like to read a little farther. I am quoting from Section 251 under which reissue patents are granted. ‘Whenever any patent is, through error, without any deceptive intention, deemed wholly or

partly inoperative or invalid, by reason of a defective specification or drawing' and I will hesitate for just a moment to indicate that there has been no change in the specification or drawing. Quoting again: 'or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, under surrender of such a patent,' and so forth 'grant the reissue patent' and the last clause of that paragraph is: 'No new matter shall be introduced into the application for reissue.' Now, note that language, 'by reason of the patentee claiming more or less than he had a right to claim in the patent.' *That doesn't call for any error, your Honor, merely that he has found out that he claimed more or less than he had a right to claim through inadvertence, accident or mistake.*" (Italics added.)

As to counsel's admission that there was no error in the original patent; as to his contention that error is not required, and that a reissue patent may be secured merely to broaden claims and to embrace different inventions *even where there is no error*; this is not the law. See, for example, *Gearhardt v. Kinnaird* (District Court Kentucky), 162 F. Supp. 858, 864 in which the court stated:

"The rights to a reissue is exceptional and is given only to those who come clearly within the exception . . . The creation of a monopoly should be with caution . . . it must affirmatively appear in the case on a reissue patent, not only that the state of the art permitted a broader claim, but that failure to get it was solely due to inadvertence . . . When

the patentee has once declared himself he is bound by the claims and drawings set forth in the application unless he can bring himself within the provisions of 35 USCA Section 251 which provides for the reissue of defective patents. In order for the patentee to be entitled to a reissue it must appear that the application for reissue contains no new matter and is made only because of *error* (the underscoring appears in the original citation) in the original application and is without any deceptive intention . . . A reissue can be granted only where there is evidence that the new claims were made or brought about by accident, inadvertence, or mistake . . . in the light of the whole record it is not an unreasonable deduction that the application (for reissue) 'was not so much to correct an error' in the original application but to inject an item which was wholly absent in the original patent; an item which set forth an invention otherwise lacking."

In this Circuit there is the case of *Riley v. Broadway-Hale* (C. A. 9, 1954), 217 F. 2d 530:

"It must appear on the face of the original patent that the matter covered by the reissue was intended to have been covered and secured by the original (citing cases), the broader claims of the reissue must be more than merely suggested or indicated in the original patent (citing *U. S. v. Carbide*, 315 U. S. 668) as observed in that case 'It is not enough that an invention might have been claimed in the original patent because it was suggested or indicated in the specification.' "

Another Ninth Circuit case, *Kalich et al. v. Paterson Pacific Parchment Co.* (C. A. 9, July 3, 1943), 137 F. 2d 649, 652:

“In regard to the reissue patent, irrespective of the matter of invention, the question is whether in the light of the disclosures contained in both patents, the reissue covers the same invention. It must be apparent from the face of the instrument that what was embraced in the reissue was intended to have been taught and secured by the original. The invention must have been shown in the original patent. A reissue patent that broadens the claims to cover a new and different combination is void even though the result attained is the same as that brought about by following the process claimed in the original patent (citing cases).”

It is defendant's contention, and plaintiff's free admission, that there was no error in the original patent. Error must be shown to warrant the issuance of a valid reissue patent. Furthermore, the claims of the Reissue Patent '731 attempt to cover a different invention than that claimed in the original patent. This leads to the inescapable result that the *entire* reissue patent is invalid, not merely a particular claim therein. It is to be noted that the courts in the decisions cited above found, not that any particular claim of the reissue patent was invalid, but that the entire reissue patent was invalid.

B. Invalid Due to Prior Sale.

Furthermore, in the request for admissions (Nos. 1 and 2) [Ex. C5] defendants have admitted that in excess of 80,000 containers covered by claim 7 of the Lockwood Reissue Patent Re. 24,731 have been sold by

the plaintiffs prior to January 12, 1958. The application for Reissue Patent Re. 24,731 was filed January 12, 1959.

Therefore, the receptacles coming under the coverage of claim 7 of Reissue Patent '731 were on sale more than one year prior to the filing of the reissue application. This, under the authority of the *Crane Packing Co. v. Spitefire* decision, Court of Appeals, Seventh Circuit, 276 F. 2d 271, 274 (certiorari denied) invalidates the Reissue Patent '731. In that case the claims of a reissue patent were held invalid under 35 U. S. C. A. Section 102 (b) because the device was on sale and in use more than one year prior to the filing of the reissue application.

C. No Infringement.

The District Court found that, not only is claim 7 of the Reissue Patent '731 invalid [Conclusion 7], but the claim 7 is not infringed by the receptacle Exhibit 9 [Conclusion 13].

Preliminarily, note that none of the embodiments disclosed in the Reissue Patent '731 were ever used commercially; the commercial sales noted above were a different type of container not disclosed in the Reissue Patent '731, but covered by claim 7 thereof. The fact of no commercial use was brought out by defendants' interrogatories to plaintiffs (Nos. 16-19) [Ex. M]. Plaintiffs stated in their response filed July 28, 1961 [Record Volume 1], that none of the embodiments illustrated in the Reissue Patent '731 have ever been made or sold.

For the above reason, the Reissue Patent '731 is a mere paper patent, and claim 7 must be given a limited application, and the claim must be construed in a most restricted manner. This was brought out in the *Thompson v. Westinghouse* case (*supra*) and also in the *Glen-denning v. Mack* case (*supra*). It has been established by Mr. Robbins' testimony [R. 505-508], and it may be further established by an examination of the Reissue Patent Re. 24,731, that all the embodiments shown and described in the reissue patent rest by means of a "rocking" or "tilting" action. This was also pointed out on page 17 of the Opinion of the District Court [Record Volume 1]. This operation is distinctly different from the lateral shifting operation of Exhibit 9. There is, therefore, no identity of invention between Exhibit 9 and the claim 7 of the Reissue Patent, and therefore no infringement of claim 7. See, for example, *Simmons Co. v. A. Brandwein Co.*, 256 F.2d 440, 448:

"To constitute identity of invention and therefore infringement, not only must the results attained be the same, but in the case the means used for its attainment is a combination of known elements, the elements combined in both cases must be the same and combined in the same way so that each element shall perform the same function . . . Where a device is so changed in principle from a patented article that it performs the same or similar function in a substantially different way . . . the doctrine of equivalents may be used to restrict the claim and defeat patentee's action for infringement."

See also the following Ninth Circuit cases:

Keymart v. Printing Arts Research (C. A. 9),
201 F. 2d 624;

Grant v. Koppl (C. A. 9), 99 F. 2d 106, 110;

McRoskey v. Braun Mattress Co. (C. A. 9), 107
F. 2d 143, 147.

The claimed elements of claim 7 of the Reissue Patent Re. 24,731 are not to be found in Exhibit 9 [R. 515-518]. Claim 7 recites at column 5, line 40 *et seq.*, for example:

“said bottom load supporting part and upper edge parts and side parts include upper tiering support members rigidly connected with said upper edge and side parts”.

As pointed out by Mr. Robbins [R. 516], in Exhibit 9, the upper tiering support members are formed by an endless wire which extends around the periphery of the receptacle, and these members are not included in “said bottom load supporting part” as specified in claim 7 of the reissue patent. Furthermore, as Mr. Robbins pointed out [R. 516], claim 7 of the reissue patent specified (column 7, line 3 *et seq.*):

“said bottom load supporting bar and upper edge parts and side parts including lower tiering support members rigidly connected with said side parts and said bottom part”.

In Exhibit 9, on the other hand, the lower tiering support members are formed by individual wire loops [R. 516] which extend across the bottom of the receptacle. These lower tiering support members of Exhibit 9 are not “rigidly connected with said side parts” as required by claim 7 of the reissue patent. In addition, and as

also pointed out by Mr. Robbins [R. 516], the lower tiering support members of Exhibit 9 are not included in “said . . . upper edge parts and side parts” as also required by claim 7.

In addition, claim 7 of the reissue patent recites at column 7, line 14 *et seq.*:

“there being a clearway provided between said bottom load supporting part and upper edge parts and side parts downwardly from each of said upper support members . . .”.

As brought out in Mr. Robbins’ testimony [R. 516, 517], and as is evident from an examination of Exhibit 9, the only “clearway” in Exhibit 9 extends down from the upper tiering support members, and such “clearway” stops before it reaches the lower tiering support members. This, as mentioned previously, is because bars 10 of Exhibit 9 are inserted in the spaces to interfere with normally interfering parts and to stop the downward movement of an upper receptacle as it is nested into a lower receptacle.

There is, therefore, no “clearway provided between said bottom load supporting part . . . from either of said upper support members” in Exhibit 9, as required by claim 7.

In addition, there is no “clearway” in Exhibit 9 “provided between said bottom load supporting part and upper edge parts and side parts . . .” as required in claim 7 of the reissue patent. Claim 7 of the reissue patent also specifies in column 6, line 17, with reference to the above discussed clearways, that the clearways are “enterable by the corresponding lower support member of an upper like receptacle in like orientation only after

manipulation . . .”. The specification in the Reissue Patent Re. 24,731 forces the recitation in claim 7 “only by manipulation” to be construed as a rocking or tilting motion.

“Claims may not cover more than the patentee’s invention and cannot be given a construction broader than the actual teachings of the patent as shown by the specification and drawings.” *Minneapolis-Honeywell Co. v. Midwestern Instruments*, District Court N.D. Illinois; E. Div., 188 F. Supp. 248; 127 U. S. P. Q. 149, 151 (1960).

On the issue of infringement of claim 7 of Reissue Patent '731, the District Court stated as follows [Opinion pp. 17-19 Transcript Volume 1]:

“Plaintiffs contend that Banner’s receptacle, Ex. 9, the accused article, infringes Claim 7 of the reissue and produced expert testimony to the effect that the Claim reads on Ex. 9.

“Defendants, on the other hand, introduced expert testimony to the effect that Claim 7 does not read on Ex. 9 in three main particulars.

“First, according to defendants’ expert testimony there is not found in Ex. 9 the limitation of Claim 7 (Col. 5 line 40) concerning bottom load supporting part and upper edge parts and side parts including upper tiering support members rigidly connected with said upper edge and side parts, nor the limitation (Col. 6 line 3) concerning bottom load supporting part and upper edge supporting parts and side parts including lower tiering support members rigidly connected with side parts and bottom.

“Defendants’ testimony was to the effect that these limitations are not found in Ex. 9 because its upper tiering support members are formed by an endless wire extending around the periphery of the receptacle, the upper tiering support members *not* being included in the bottom load supporting part as required by Claim 7 and, further, because its lower tiering support members are formed by individual wire loops extending across the bottom of the receptacle not being rigidly connected with side parts and not being included in the upper edge parts and side parts as required by Claim 7.

“Next, according to defendants’ expert testimony, there is absent in Ex. 9 the ‘clearway’ required by Claim 7, in much the same manner as required by Claim 19 of Lockwood ’535 already discussed.

“Thirdly, according to defendants’ expert testimony, there is not to be found in Ex. 9, the limitation implied in Claim 7 for upper and lower tiering support members of the type shown in all drawings and specifications nor is there found in Ex. 9 the tilting manipulation implicit in those drawings and specifications.

“The Court, applying narrow, rather than liberal construction, for reasons hereafter to be set forth, concludes that the testimony of defendants’ expert should be accepted on all three issues, and there is, therefore, no infringement of the reissue patent by Ex. 9.”

Therefore, claim 7 of the Reissue Patent ’731 does not cover Exhibit 9, and that Exhibit 9 does not infringe that claim.

Conclusion.

The Reissue Patent Re. 24,731 relates to receptacles so constructed that they may be either nested one within the other, or alternatively, may be tiered one atop the other, the construction being such that to move from a tiered to a nested position, the top receptacle is raised and moved laterally; then, by a tilting and rocking manipulation, the lower support portions of the upper receptacle are swung underneath the upper support portions of the lower receptacle, whereupon the upper receptacle may be dropped into nested position.

Like the reissue patent, the Patent '535 also relates to receptacles which may be nested one within the other, or which may be alternatively tiered one atop the other. The receptacles of patent '535 are characterized by the fact that, when tiered, the bottom of the upper receptacle lies inside the top of the lower receptacle. The receptacles of patent '535 are brought from tiered to nested position by raising the upper receptacle, and shifting it slightly horizontally and laterally beyond and around the support points, and into a clearway for nesting within the lower receptacle.

None of the receptacles or baskets disclosed in either the reissue patent or in patent '535 have ever been produced for commercial use. For this reason, the claims of both these patents must be given a limited interpretation.

Exhibit 9 was conceived and constructed by Banner's engineer Wilson without any knowledge of the Lockwood receptacles disclosed in patent '535 which, at the time of Wilson's invention [Ex. 9] was still pending in the Patent Office.

In April 1959 while the patent application which matured into patent '535 was still pending, Lockwood obtained a sample of Banner's newly conceived receptacle, Exhibit 9, and forwarded the same to Cleveland, Ohio, where it was placed in the hands of his Patent Attorney. Thereafter, there were added to the patent application, the claims which ultimately matured as patent claims 20-28 of the patent '535.

Claims 19 of '535 contains the limitation "the dimensions of the lower part of one tray lying inside the dimensions of the upper part of a like tray". The receptacle Exhibit 9 is constructed so that, when tiered, the lower part of an upper receptacle does *not* lie inside the dimensions of the upper part of a lower receptacle.

Claim 19 of '535 contains the further limitation that there is a "generally vertically extending clearway from directly above each lower point of support of an upper receptacle extending upwardly to the upper points of support of a lower receptacle when two like receptacles are nested." In Exhibit 9, when the two receptacles are nested, the space between the lower point of support of an upper receptacle and the upper point of support of a lower receptacle is interrupted by a bar [marked point 10 on Ex. 9]

Like claim 19, claim 20 of patent '535 is also limited by the relative dimensions between upper and lower receptacles by reciting that "the dimensions of the upper and lower parts of said receptacles permitting the lower part of an upper receptacle to enter vertically downward into the upper part of a lower like receptacle". The receptacles Ex. 9 do not meet this structural limitation, because the lower part of an upper receptacle does not

enter vertically downward into the upper part of a lower like receptacle, but instead rests fully atop the lower receptacle.

It follows, therefore, that claims 19 and 20 of patent '535 are not infringed by either Ex. 9 or Ex. O, because the express requirement in the "dimensions" clause of these claims, and the express requirement in the "clearways" clauses, are not to be found in either Ex. 9 or in Ex. O. Claims 21-28, inclusive, being dependent upon claim 20, contain by reference all the limitations of claim 20, and likewise, are not infringed.

The idea of tierable-nestable receptacles or baskets having no moving parts, which may be changed from tiered to nested position by a lateral shift into nesting clearways, was not new with Lockwood, this being shown, for example, in the prior art Blom patent; nor was the idea of receptacles which both tier and nest in vertical alignment, this being shown, for example, in the prior art Faulkner patent.

Neither in the reissue Oath, nor in the reissue prosecution of the Reissue Patent Re. 24,731, nor in the showing made in this case, was there any averment or showing of error as a basis for the reissue patent. There was, in fact, no error in the filing, prosecution or issue of the original patent 2,782,936, which was reissued as the Reissue Patent Re. 24,731 here in suit.

The original patent '936 disclosed and claimed exclusively receptacles or baskets so designed and constructed that nesting could be accomplished only by a

tilting manipulation. There was no intention on the part of the patentee to include horizontal or lateral shift, for such could be accomplished only by a different means, design, and structure than those shown in the drawing and specification of the original patent '936.

The subject matter claimed in the reissue patent was in public use and on sale in the United States more than one year prior to the filing of the reissue application.

Claim 7 of the reissue patent requires that the bottom load supporting part and upper edge parts and side parts include upper tiering support members rigidly connected with said upper edge and side parts. The claim further requires that the bottom load supporting part and upper edge supporting parts and side parts include lower tiering support members rigidly connected with said side parts and bottom. This definition is not to be found in the receptacle Ex. 9, for the reasons discussed above. Moreover, the clearway requirements of claim 7 of the reissue patent are not to be found in Ex. 9, as noted above. In addition, the "manipulation" requirements of claim 7 should be interpreted as referring to the tilting or rocking motion taught by the patent, and not to other motions which were not contemplated or described in the patent.

For the above recited reasons, it is submitted that there is no error in the holding of the District Court that the patent '535 is not infringed by the receptacles Ex. 9 and O; and that there is no infringement of the Reissue Patent Re. 24,731.

As to the Declaratory Judgment action, a justiciable controversy existed and does exist between the parties and defendants' Counterclaim was well taken.

In addition, as cross-appellants, defendants respectfully urge that:

A. The claims 19 and 20 of the patent '535 are invalid; and

B. The entire reissue patent Re. 24,731 is invalid.

Respectfully submitted,

KEITH D. BEECHER,

Attorney for Appellees.

Certificate of Counsel.

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

KEITH D. BEECHER.